
Introduced by Senator Cogdill

February 14, 2007

An act to amend Section 17041 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 244, as introduced, Cogdill. Personal income taxes: rates.

The Personal Income Tax Law imposes taxes upon taxable income at specified rates.

This bill would make technical, nonsubstantive changes to those provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17041 of the Revenue and Taxation Code
2 is amended to read:

3 17041. (a) There shall be imposed for each taxable year upon
4 the entire taxable income of every resident of this state who is not
5 a ~~part-year~~ *part-year* resident, except the head of a household as
6 defined in Section 17042, taxes in the following amounts and at
7 the following rates upon the amount of taxable income computed
8 for the taxable year as if the resident were a resident of this state
9 for the entire taxable year and for all prior taxable years for any
10 carryover items, deferred income, suspended losses, or suspended
11 deductions:

12

13 If the taxable income is:

The tax is:

1	Not over \$3,650.....	1% of the taxable income
2	Over \$3,650 but not	
3	over \$8,650.....	\$36.50 plus 2% of the excess
4		over \$3,650
5	Over \$8,650 but not	
6	over \$13,650.....	\$136.50 plus 4% of the excess
7		over \$8,650
8	Over \$13,650 but not	
9	over \$18,950.....	\$336.50 plus 6% of the excess
10		over \$13,650
11	Over \$18,950 but not	
12	over \$23,950.....	\$654.50 plus 8% of the excess
13		over \$18,950
14	Over \$23,950.....	\$1,054.50 plus 9.3% of the excess
15		over \$23,950

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17 (b) (1) There shall be imposed for each taxable year upon the
 18 taxable income of every nonresident or ~~part-year~~ *part-year*
 19 resident, except the head of a household as defined in Section
 20 17042, a tax as calculated in paragraph (2).

21 (2) The tax imposed under paragraph (1) shall be calculated by
 22 multiplying the “taxable income of a nonresident or ~~part-year~~
 23 *part-year* resident,” as defined in subdivision (i), by a rate
 24 (expressed as a percentage) equal to the tax computed under
 25 subdivision (a) on the entire taxable income of the nonresident or
 26 ~~part-year~~ *part-year* resident as if the nonresident or ~~part-year~~
 27 *part-year* resident were a resident of this state for the taxable year
 28 and as if the nonresident or ~~part-year~~ *part-year* resident were a
 29 resident of this state for all prior taxable years for any carryover
 30 items, deferred income, suspended losses, or suspended deductions,
 31 divided by the amount of that income.

32 (c) There shall be imposed for each taxable year upon the entire
 33 taxable income of every resident of this state who is not a ~~part-year~~
 34 *part-year* resident for that taxable year, when the resident is the
 35 head of a household, as defined in Section 17042, taxes in the
 36 following amounts and at the following rates upon the amount of
 37 taxable income computed for the taxable year as if the resident
 38 were a resident of the state for the entire taxable year and for all
 39 prior taxable years for carryover items, deferred income, suspended
 40 losses, or suspended deductions:

1	If the taxable income is:	The tax is:
2	Not over \$7,300.....	1% of the taxable income
3	Over \$7,300 but not	
4	over \$17,300.....	\$73 plus 2% of the excess
5		over \$7,300
6	Over \$17,300 but not	
7	over \$22,300.....	\$273 plus 4% of the excess
8		over \$17,300
9	Over \$22,300 but not	
10	over \$27,600.....	\$473 plus 6% of the excess
11		over \$22,300
12	Over \$27,600 but not	
13	over \$32,600.....	\$791 plus 8% of the excess
14		over \$27,600
15	Over \$32,600.....	\$1,191 plus 9.3% of the excess
16		over \$32,600

17
18 (d) (1) There shall be imposed for each taxable year upon the
19 taxable income of every nonresident or ~~part-year~~ *part-year* resident
20 when the nonresident or ~~part-year~~ *part-year* resident is the head
21 of a household, as defined in Section 17042, a tax as calculated in
22 paragraph (2).

23 (2) The tax imposed under paragraph (1) shall be calculated by
24 multiplying the “taxable income of a nonresident or ~~part-year~~
25 *part-year* resident,” as defined in subdivision (i), by a rate
26 (expressed as a percentage) equal to the tax computed under
27 subdivision (c) on the entire taxable income of the nonresident or
28 ~~part-year~~ *part-year* resident as if the nonresident or ~~part-year~~
29 *part-year* resident were a resident of this state for the taxable year
30 and as if the nonresident or ~~part-year~~ *part-year* resident were a
31 resident of this state for all prior taxable years for any carryover
32 items, deferred income, suspended losses, or suspended deductions,
33 divided by the amount of that income.

34 (e) There shall be imposed for each taxable year upon the taxable
35 income of every estate, trust, or common trust fund taxes equal to
36 the amount computed under subdivision (a) for an individual
37 having the same amount of taxable income.

38 (f) The tax imposed by this part is not a surtax.

1 (g) (1) Section 1(g) of the Internal Revenue Code, relating to
2 certain unearned income of minor children taxed as if the parent's
3 income, shall apply, except as otherwise provided.

4 (2) Section 1(g)(7)(B)(ii)(II) of the Internal Revenue Code,
5 relating to income included on parent's return, is modified, for
6 purposes of this part, by substituting "1 percent" for "15 percent."

7 (h) For each taxable year beginning on or after January 1, 1988,
8 the Franchise Tax Board shall recompute the income tax brackets
9 prescribed in subdivisions (a) and (c). That computation shall be
10 made as follows:

11 (1) The California Department of Industrial Relations shall
12 transmit annually to the Franchise Tax Board the percentage change
13 in the California Consumer Price Index for all items from June of
14 the prior calendar year to June of the current calendar year, no
15 later than August 1 of the current calendar year.

16 (2) The Franchise Tax Board shall do both of the following:

17 (A) Compute an inflation adjustment factor by adding 100
18 percent to the percentage change figure that is furnished pursuant
19 to paragraph (1) and dividing the result by 100.

20 (B) Multiply the preceding taxable year income tax brackets by
21 the inflation adjustment factor determined in subparagraph (A)
22 and round off the resulting products to the nearest one dollar (\$1).

23 (i) (1) For purposes of this part, the term "taxable income of a
24 nonresident or ~~part-year~~ *part-year* resident" includes each of the
25 following:

26 (A) For any part of the taxable year during which the taxpayer
27 was a resident of this state (as defined by Section 17014), all items
28 of gross income and all deductions, regardless of source.

29 (B) For any part of the taxable year during which the taxpayer
30 was not a resident of this state, gross income and deductions
31 derived from sources within this state, determined in accordance
32 with Article 9 of Chapter 3 (commencing with Section 17301) and
33 Chapter 11 (commencing with Section 17951).

34 (2) For purposes of computing "taxable income of a nonresident
35 or ~~part-year~~ *part-year* resident" under paragraph (1), the amount
36 of any net operating loss sustained in any taxable year during any
37 part of which the taxpayer was not a resident of this state shall be
38 limited to the sum of the following:

39 (A) The amount of the loss attributable to the part of the taxable
40 year in which the taxpayer was a resident.

1 (B) The amount of the loss ~~which~~ *that*, during the part of the
2 taxable year the taxpayer is not a resident, is attributable to
3 California source income and deductions allowable in arriving at
4 taxable income of a nonresident or ~~part-year~~ *part-year* resident.

5 (3) For purposes of computing “taxable income of a nonresident
6 or ~~part-year~~ *part-year* resident” under paragraph (1), any carryover
7 items, deferred income, suspended losses, or suspended deductions
8 ~~shall~~ *may* only be includable or allowable to the extent that the
9 carryover item, deferred income, suspended loss, or suspended
10 deduction was derived from sources within this state, calculated
11 as if the nonresident or ~~part-year~~ *part-year* resident, for the portion
12 of the year he or she was a nonresident, had been a nonresident
13 for all prior years.